

SENATE BILL REPORT

ESB 5423

As Passed Senate, March 9, 2009

Title: An act relating to critical access hospitals not subject to certificate of need reviews.

Brief Description: Regarding critical access hospitals not subject to certificate of need review.

Sponsors: Senators Pflug and Oemig.

Brief History:

Committee Activity: Health & Long-Term Care: 2/02/09, 2/12/09 [DP, DNP, w/oRec].
Passed Senate: 3/09/09, 35-10.

SENATE COMMITTEE ON HEALTH & LONG-TERM CARE

Majority Report: Do pass.

Signed by Senators Keiser, Chair; Franklin, Vice Chair; Pflug, Ranking Minority Member; Fairley and Murray.

Minority Report: Do not pass.

Signed by Senator Marr.

Minority Report: That it be referred without recommendation.

Signed by Senator Parlette.

Staff: Edith Rice (786-7444)

Background: Certificate of Need. The Certificate of Need (CON) Program is operated by the Department of Health under direction of the secretary's designee. A certificate of need is required before a health care provider can offer certain new or expanded services. Some examples are construction or sale of a hospital or an increase in the number of licensed hospital or nursing home beds. The purpose for a certificate of need process is to ensure that new services proposed by health care providers are needed within a particular region.

Health care provider CON applications must address the need for such services, the availability of less costly or more effective alternative methods of providing such services, financial feasibility and impact on health care costs in the community, quality assurance and cost effectiveness, as well as other factors.

This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.

Critical Access Hospitals. A critical access hospital (CAH) is a hospital that is certified to receive cost-based reimbursement from Medicare. It must be designated by the state as a CAH and must be participating in Medicare as a rural public hospital. A CAH must be located in a rural area and be more than 35 miles from another hospital. It can have no more than 25 inpatient beds, maintain an annual average length of stay of 96 hours per patient, and must make available emergency care services 24-hours per day, seven days per week.

A certificate of need is required if a health care facility intends to change the total number of beds or intends to redistribute beds among acute care, nursing home care and boarding home care for longer than six months. A rural health care facility that increases the total number of nursing home beds or redistributes bed from acute care or boarding home care to nursing home care for longer than six months is also subject to CON review.

A critical access hospital can increase its total number of beds to 25 and may redistribute beds among acute care and nursing home care without being subject to CON review unless there is a nursing home within 27 miles of the critical access hospital. However, even if there is a nursing home within 27 miles of the CAH, the CON review is not required if the CAH had designated beds to provide nursing home care prior to December 31, 2003, or for up to five swing beds.

Summary of Engrossed Bill: A CAH is not subject to a CON review for up to 25 swing beds as long as there is not a licensed nursing home within the same city or town limits. The additional swing bed capacity must be phased in with no more than one-half of the additional beds before July 1, 2009, and the balance phased in no sooner than July 1, 2010.

Appropriation: None.

Fiscal Note: Not requested.

Committee/Commission/Task Force Created: No.

Effective Date: Ninety days after adjournment of session in which bill is passed.

Staff Summary of Public Testimony: PRO: This bill is intended to affect a small specific area of the state. Critical access hospitals were created to provide better access to health care. This bill will allow the same. It allows patients to go into rehabilitation and stay in their own community. It will allow patients to successfully transition from the hospital. It is not in our best interest, or the patient's best interest, to have to turn them away because we don't have the right number of beds.

CON: This bill will affect vacancy rates, and these rates affect nursing home reimbursement. This will harm those nursing homes that are already financially challenged. This bill will cause care to cost more, will force closures of nursing homes, and cause lay-offs.

Persons Testifying: PRO: Lisa Thatcher, Washington State Hospital Association; Gary Peck, Providence St. Joseph Hospital; Roger McCullum, Kim Witkop, Karyn Denton, Snoqualmie Valley Hospital.

CON: Gary Weeks, Tim Lehner, Washington Health Care Association; Bill Connell, Regency Pacific.